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House Unemployment Fraud Task Force
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The Employers Coalition of North Carolina represents approximately 2000 for-profit and non-profit employers across the state providing them HR training and counseling for their workplace issues. We are on the front line with employers and are usually their first phone call if there is an employment issue that pops up.

In 2008 we started getting a dramatic increase in the number of complaints regarding ESC decisions. After several meetings with the agency it was obvious that there was a new emphasis at the agency to award UI benefits no matter what the circumstances. We don't know if it is because of the increased work load, lack of training for the adjudication staff, lack of quality control by the management, willful overpayment or all of the above, but the end result is still the same—former employees that should not be entitled to benefits based upon state law and agency rules are getting benefits.

Although this is not technically a “fraud” issue the erroneous awarding of benefits not only has helped to create the \$2.8B debt in the UI fund, but has also discouraged many employers from even appealing decisions because they know it's hopeless. Here's a comment from an employer we received. *“It is frustrating that most of our ESC cases end up with the employee receiving unemployment benefits. We began contesting these claims, but now do not because it is a waste of our time.”* DES can never hire enough employees to effectively reduce unemployment fraud and overpayment. It is the employers across the state that help in the process as a check and balance. Unfortunately, due to the arbitrary decisions made by many adjudicators that balance is not present.

Our members have sent in many examples and 3 minutes does not give me enough time to share them with you. We could present for a half hour on these examples and would be able to bring employers in to testify to the committee if you wish.

Besides fixing the adjudication process, here are some other ideas to help address fraud:

- Improve oversight and withholding of benefits for UI beneficiaries who are not complying with able and available to work and is should be included in the definition of fraud
- Establish a separate audit department that reports to the Secretary of Commerce on fraud and policy compliance
- Provide to employers quarterly instead of annually their Annual List of Charges so that they can check for fraud and overpayments
- Reporting back to the General Assembly on audit and policy compliance results